

## **Assembly Bill No. 3**

### **CHAPTER 18**

An act to add Section 99040 to the Government Code, to amend Sections 17041, 17054, and 17062 of, to amend and add Sections 10752 and 10752.1 of, and to add Sections 6051.7, 6201.7, and 10752.2 to, the Revenue and Taxation Code, relating to taxation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor February 20, 2009. Filed with  
Secretary of State February 20, 2009.]

#### **LEGISLATIVE COUNSEL'S DIGEST**

AB 3, Evans. Income taxes: sales and use taxes: vehicle license fees.

The Personal Income Tax Law imposes taxes based upon taxable income. That law also allows credits for personal exemptions, and imposes an alternative minimum tax, as specified.

This bill would, for taxable years beginning on or after January 1, 2009, until either January 1, 2011, or January 1, 2013, as applicable, decrease the amount allowable as a credit for personal exemption for dependents.

This bill would, for taxable years beginning on or after January 1, 2009, and before January 1, 2013, increase the tax rate applicable to taxable income, and increase the alternative minimum tax rate, as provided.

The Vehicle License Fee Law establishes, in lieu of any ad valorem property tax upon vehicles, an annual license fee for any vehicle subject to registration in this state in the amount of 0.65% of the market value of that vehicle, as provided.

This bill would, on and after May 19, 2009, and until July 1, 2013, increase that rate to 1%, for specified vehicles and require that the revenues derived from the increase be deposited into the General Fund.

This bill would also, on and after May 19, 2009, and until July 1, 2013, add a sum equal to 0.15% of the market value of specified vehicles, as determined by the Department of Motor Vehicles, to the vehicle license fee, to be deposited in the General Fund and transferred to the Local Safety and Protection Account, which this bill would create in the Transportation Tax Fund. This bill would continuously appropriate all moneys in the account to the Controller for allocation for, specified purposes. This bill would require the Director of Finance to make written determinations, as specified, of whether any moneys derived from that fee are being allocated for any purpose other than the specified purpose, and to immediately submit his or her written determination to the Director of the Department of Motor Vehicles and specified legislative committees, as provided.

The bill would further provide that if the Director of Finance determines that moneys are being allocated by the state for an unauthorized purpose,

Over \$8,650 but not	
over \$13,650.....	\$136.50 plus 4% of the excess over \$8,650
Over \$13,650 but not	
over \$18,950.....	\$336.50 plus 6% of the excess over \$13,650
Over \$18,950 but not	
over \$23,950.....	\$654.50 plus 8% of the excess over \$18,950
Over \$23,950.....	\$1,054.50 plus 9.3% of the excess over \$23,950

(2) (A) For taxable years beginning on or after January 1, 2009, and before January 1, 2011, or January 1, 2013, as applicable, the percentages specified in the table in paragraph (1) shall be increased by adding 0.25 percent to each percentage. This subparagraph shall become operative only if the Director of Finance does not provide notification to the Joint Legislative Budget Committee on or before April 1, 2009, pursuant to Section 99030 of the Government Code. This subparagraph shall cease to be operative for taxable years beginning on or after January 1, 2011, unless the Director of Finance makes the notification pursuant to Section 99040 of the Government Code, in which case this subparagraph shall cease to be operative for taxable years beginning on or after January 1, 2013.

(B) For taxable years beginning on or after January 1, 2009, and before January 1, 2011, or January 1, 2013, as applicable, the percentages specified in the table in paragraph (1) shall be increased by adding 0.125 percent to each percentage. This subparagraph shall become operative only if the Director of Finance provides notification to the Joint Legislative Budget Committee on or before April 1, 2009, pursuant to Section 99030 of the Government Code. This subparagraph shall cease to be operative for taxable years beginning on or after January 1, 2011, unless the Director of Finance makes the notification pursuant to Section 99040 of the Government Code, in which case this subparagraph shall cease to be operative for taxable years beginning on or after January 1, 2013.

(b) (1) There shall be imposed for each taxable year upon the taxable income of every nonresident or part-year resident, except the head of a household as defined in Section 17042, a tax as calculated in paragraph (2).

(2) The tax imposed under paragraph (1) shall be calculated by multiplying the “taxable income of a nonresident or part-year resident,” as defined in subdivision (i), by a rate (expressed as a percentage) equal to the tax computed under subdivision (a) on the entire taxable income of the nonresident or part-year resident as if the nonresident or part-year resident were a resident of this state for the taxable year and as if the nonresident or part-year resident were a resident of this state for all prior taxable years for any carryover items, deferred income, suspended losses, or suspended deductions, divided by the amount of that income.